

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 12/13/2013

GAIN Report Number:

China - Peoples Republic of

Citrus Annual

2013

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Report Highlights:

Post estimates that China's overall MY2013/14 citrus production will increase based on favorable growing conditions in major producing provinces; however, the presence of the deadly citrus greening disease may compromise China's citrus production in the near future. Citrus exports are expected to grow on increased domestic supplies. Imports of US oranges are likely to decline following import suspension of Californian citrus to China due to plant disease concerns.

Executive Summary:

Commodities:

Select

Production:

Oranges

Post estimates that China's marketing year 2013/14 (November-October) orange production will reach 7.6 million metric tons (MMT), an increase of nine percent from the previous year, largely due to higher yields. Major orange producing provinces, including Sichuan, Guangxi, and Chongqing, are expected to have bumper harvests due to favorable growing conditions and enhanced orchard management. In MY2012/13, excessive rainfalls in Jiangxi, China's top orange producer, lowered production, however, this year's orange production is expected to recover to previous levels.

Jiangxi currently produces around 1.5 MMT of oranges on 122,000 hectares. As new plantings, mostly planted between 2003 and 2006, mature to full production, Jiangxi government officials anticipate that production will reach 2.0 MMT by 2015 and 3.5 MMT by 2020 on planted area of 133,333 and 146,666 hectares, respectively. However, the presence of citrus greening disease (Huanglongbing) in many southern Jiangxi counties, like Xunwu and Anyuan, may interrupt this ambitious production goal, as groves are destroyed to prevent spread of the disease. In fact, Jiangxi's citrus industry is concerned that, if the disease spreads to other areas, it could have devastating impacts on their production in the next three to five years. Post forecasts that China's MY2013/14 orange acreage will decline by one percent to 790,000 hectares due to disease control and prevention eradication measures.

Frozen Concentrated Orange Juice (FCOJ)

Post estimates that China's MY2013/14 (October-September) production of frozen concentrated orange juice (FCOJ) will increase by more than 30 percent to 60,000 MT, largely due to adequate domestic supplies and low prices for fresh oranges. China has juice processing capacity of around two MMT but domestic supply cannot fill this capacity as farmers typically do not plant juice variety oranges but rather target their production for fresh consumption. When prices are low enough, juice processing companies will buy low-quality or small-sized domestic oranges for juice processing.

Tangerines/Mandarins

Post forecasts China's MY2013/14 (October-September) tangerine/mandarin production at 17.8 MMT, up five percent from the previous year. Guangdong, China's largest tangerine/mandarin producing province is expected to produce fewer mandarins due to the damage inflicted by citrus greening, especially to groves in Huizhou, Yangchun and Sihui areas. As a result, MY2013/14

tangerine/mandarin acreage in Guangdong is expected to fall and result in a slight overall acreage reduction to 806,000 hectares over last year. However, above average production by other major producers will likely offset losses in Guangdong for an overall gain in tangerine/mandarin production.

Canned mandarins

Post estimates that China's MY2013/14 (October-September) canned mandarin production will decline by 10 percent to 400,000 MT, due to large carry-over stocks held at the canning facilities from the previous year. China is the largest exporter of canned mandarins. Sources note that domestic consumption of canned mandarins is estimated to be between 100,000 to 150,000 MT.

Grapefruit/Pomelos

China's MY 2013/14 (October-September) grapefruit/pomelo production is forecast at 3.8 MMT, up 12 percent from the revised MY2012/13 estimate of 3.4 MMT. While major pomelo producer provinces such as Guangdong and Guangxi are expected to have stable production, gains in MY2013/14 will be attributed largely to recovered production in Fujian, the top pomelo producer in China. Poor weather conditions in MY2012/13 had dropped Fujian's pomelo production by 30 percent. China has limited production of grapefruit as producers prefer to grow pomelo varieties for fresh consumption.

Lemons

China's lemon production is forecast at more than 400,000 MT in MY2013/14 (October-September), roughly unchanged from the previous year. Although lemon production in Anyue is expected to drop by 30 percent from MY2012/13 following a spring drought, new bearings will likely offset the production decline. Anyue (in Sichuan) is the dominant production area for lemons in China with production accounting for nearly 80 percent of the nation's total. The goal of Anyue government is to produce 500,000 MT of lemons by 2016.

Consumption:

Fruit demand in first tier cities is quite stable but increasingly diversified. For second and third tier cities, including Zhengzhou, Wuhan, Changsha, and Chengdu, as distribution systems become more developed, fruit consumption is expected to rise. Growing number of fruit outlets in urban communities is boosting fruit consumption and rapid development of new marketing venues, including online stores, has the potential to further increase consumption. A recent incident involving Jiangxi oranges which were dyed to attract the market had negative consumer repercussions and damaged the reputation of Jiangxi oranges. However, consumption is expected to recover in time. An on-going government campaign against extravagance has limited the institutional buying activities by government agencies and state-run enterprises and this move will affect the fruit market, especially that of high-end fruit.

Trade:

Import

For MY2013/14 (November-October), Post forecasts that China's fresh orange imports will be 75,000 MT, down 15 percent from the previous year, due largely to the suspension of California citrus imports to China on disease detections. China's imports of fresh oranges from the United States dropped by 36 percent in MY2012/13. As a result, the United States is no longer China's primary supplier of fresh oranges. A government campaign of anti-extravagance is also expected to have a negative impact on consumption of high-end fruit including imported oranges.

FCOJ imports are forecast at 58,000 MT in MY 2013/14 (October-September), down slightly from the previous year given increased production of domestic juices. Chinese juice processors are expected to produce 30 percent more FCOJ (NFC has been converted into FCOJ), compared with the previous season, due to cheaper fresh supplies.

China's MY2013/14 (October-September) tangerine/mandarin imports are estimated at 14,000 MT, up 17 percent from the previous year. Although China's imports of mandarins remain relatively low, rising consumer demand is expected to raise imports during the local off season. Due to the suspension of California citrus, Australia has become the largest supplier of fresh mandarins to China, followed by South Africa.

China's MY2013/14 (October-September) grapefruit imports are forecast to increase by 47 percent from last year to 25,000 MT on strong demand from high-end consumers who appreciate grapefruit's nutritional benefits. Hotels and restaurants continue to source grapefruit for juicing. In MY 2012/13, US exports of grapefruit to China fell following the import suspension of citrus products from California.

Export

China's tangerine/mandarin exports are forecast at 800,000 MT in MY2013/14 (October-September), up 14 percent from the revised number of 702,000 MT in the previous year, in anticipation of an import rebound from Indonesia, the largest buyer of China-origin mandarins. In June 2012, the Indonesian government tightened requirements for imported fruit that increased the cost of China-origin fruit. As a result, China's mandarin exports to Indonesia dropped by 60 percent to 75,000 MT in MY2012/13 from 192,455 MT in the previous year. Industry sources indicate that Indonesia will relax the import requirements on January 1, 2014.

China is expected to export 100,000 MT of fresh oranges in MY2013/14 (November-October), up 20 percent from the previous year given a recovery in domestic supply, primarily to Southeast Asia markets. Excessive rains during the summer of 2012 had led to a sharp decline of fresh supplies in Jiangxi, the top exporter of fresh oranges. Post has revised the MY2012/13 export number of fresh oranges to 83,000 MT in line with the Customs data.

Increased production and favorable prices are expected to raise China's pomelo exports to 180,000 MT in MY2013/14 (October-September), up nearly 40 percent from the previous year due to rising demand from European countries, the main buyers of Chinese pomelos.

Prices:

Citrus production costs have been increasing in recent years, especially labor costs. Currently, costs of managing orange groves are estimated at RMB 1,600 (\$262) per hectare, according to Jiangxi fruit farmers. Labor costs are not included as labor is only hired during harvest season but sources relay that in Jiangxi, labor costs increased by 20 percent, on average, from a year ago.

As a result of a bumper crop, farm gate price for oranges is quoted at RMB 2.2 (\$0.36) per kilogram in Jiangxi, down more than 20 percent from the previous year. In addition, orange sales are relatively slow due to negative publicity in October (see Consumption). Orange prices are expected to recover as the impact of the incident fades.

Mandarin prices vary significantly by place and by variety. For example, in Ganzhou, Jiangxi province, farm-gate price for locally-produced mandarins is around RMB 1.6 (\$0.26) per kilo, unchanged from the previous year. In Guangdong where citrus production is expected to drop due to the greening disease, farm-gate prices for honey mandarins (harvested around mid-December) are estimated at above RMB 6.0 (\$0.98) per kilo.

Pomelo prices are reportedly around RMB 3.0 (\$0.49) per kilo in Fujian, down 25 percent from the previous year, due to large domestic supplies. In recent years, farmers are planting red-flesh pomelos that receive nearly twice the price compared to the white-flesh ones.

Bagged lemons are sold at RMB 6.0-7.0 (\$0.98-1.15) per kilo in Anyue, nearly double the price from the previous year. Unbagged lemons are priced at RMB 3.0-4.0 (\$0.49-0.66) per kilo, up nearly 80 percent on year, according to local reports.

Policy:

Jiangxi's Ganzhou area is a major orange producing region and in 2012, local governments launched a pilot crop insurance project for oranges. According to the project terms, the local governments in three orange-producing counties cover 60 percent of the premium. Insurance companies compensate farmers for losses resulting from natural disasters or diseases. Crop area covered by the pilot program is quite limited, compared to grain crops, and the share of the premium subsidized by the government is relatively low. For example, governments may pay as much as 80 percent of the premium in major rice-producing provinces.

Provincial governments are making great efforts to prevent and control the spread of citrus greening disease which is moving quickly across groves in Guangdong and Jiangxi provinces. The Jiangxi government is offering to pay farmers RMB 5.0 (\$0.82) for each eradicated tree. In Guangdong

province, the agricultural department has launched a major research project, which incorporates resources of the government and academia, to explore effective ways to address this devastating disease.

Trade Policy

China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) suspended imports of Californian citrus in May 2013 due to plant diseases. USDA is working with the Chinese quarantine agency to reestablish market access to China market for Californian citrus.

Marketing:

The Chinese market for US citrus products declined sharply following the government suspension of California citrus exports in May 2013. As a result, competitor citrus products from South Africa, Australia, and Spain have expanded sales. At the same time, the quality of domestic citrus, especially fresh oranges continues to improve. Thus, the quality of locally-produced oranges is becoming more competitive with imports. Prior to the suspension of California citrus, direct (versus transshipped) imports were on the rise at commercial ports in Shanghai and Dalian and Shanghai had become China's second largest distribution hub for imported fruit after Guangzhou.

The majority of imported citrus is sold to major retailers, convenience fruit shops, and high-end hotel restaurants visited by middle-upper income consumers. Most five-star hotels in China choose US citrus for fresh consumption purposes, include juice, given its flavor and higher brix content. Imported citrus sales tend to be seasonal and benefit from promotional activity during popular gift giving holidays, such as Chinese New Year. Recent instruction by the central government to reduce opulence and extravagance in government expenditures has dampened holiday market and fruit gift sales significantly in the past year.

Traditionally, the use of in-store promotions has been successful in introducing U.S. citrus products to Chinese consumers. The growing popularity of fruit convenience stores in China is expanding consumer access to imported fruit. The stores are mostly located in the working class communities in urban areas. New marketing and sales tools, including the use of e-commerce, are providing new options to promote and sell imported citrus products.

Production, Supply and Demand Data Statistics:

Fresh Oranges

Oranges, Fresh	China		2011/2012		2012/2013		2013/2014	
			Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	780,000	780,000	800,000	800,000			790,000	
Area Harvested	0	0	0	0			0	
Bearing Trees	0	0	0	0			0	

Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	6,900	6,900	7,000	7,000		7,600
Imports	98	98	110	88		75
Total Supply	6,998	6,998	7,110	7,088		7,675
Exports	129	129	85	83		100
Fresh Dom. Consumption	6,349	6,349	6,425	6,405		6,855
For Processing	520	520	600	600		720
Total Distribution	6,998	6,998	7,110	7,088		7,675

(Unit: 1,000 MT, 1,000 Hectare)

Fresh Tangerines/Mandarins

Tangerines/Mandarins, Fresh China	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	815,000	815,000	814,000	814,000		806,000
Area Harvested	0	0	0	0		0
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	16,000	16,000	17,000	17,000		18,200
Imports	8	8	12	12		14
Total Supply	16,008	16,008	17,012	17,012		18,214
Exports	840	840	710	702		800
Fresh Dom. Consumption	14,568	14,568	15,642	15,650		16,814
For Processing	600	600	660	660		600
Total Distribution	16,008	16,008	17,012	17,012		18,214

(Unit: 1,000 MT, 1,000 Hectare)

Fresh Grapefruit/Pomelo

Grapefruit, Fresh China	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0		0			0
Area Harvested	0		0			0
Bearing Trees	0		0			0
Non-Bearing Trees	0		0			0
Total No. Of Trees	0	0	0	0		0
Production	3,200	3,200	2,900	3,370		3,770
Imports	13	13	10	17		25
Total Supply	3,213	3,213	2,910	3,387		3,795
Exports	118	118	130	130		180

Fresh Dom. Consumption	3,095	3,095	2,780	3,257		3,615
For Processing	0	0	0	0		0
Total Distribution	3,213	3,213	2,910	3,387		3,795

(Unit: 1,000 MT)

Frozen Concentrated Orange Juice (FCOJ)

Orange Juice China	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	520,000	520,000	600,000	600,000		780,000
Beginning Stocks	25,000	25,000	20,000	20,000		5,000
Production	40,000	40,000	45,000	45,000		60,000
Imports	60,485	60,485	55,000	58,700		58,000
Total Supply	125,485	125,485	120,000	123,700		123,000
Exports	3,111	3,111	4,000	3,408		4,000
Domestic Consumption	102,374	102,374	116,000	115,292		119,000
Ending Stocks	20,000	20,000	0	5,000		0
Total Distribution	125,485	125,485	120,000	123,700		123,000

(Unit: MT)

Note: Numbers have been converted to concentrated orange juice using a ratio of 6:1 between single strength and concentrate. Products under HS Codes 20091200 and 20091900 are both treated as single strength juices.

Citrus Historical Production Table by Province (Source: Ministry of Agriculture Abstracts)

Orchard area and production by province								
	2009		2010		2011		2012	
	1000 Ha	1000 MT	1000 Ha	1000 MT	1000 Ha	1000 MT	1000 Ha	1000 MT
Hunan	376.2	3,385	379.0	3,889	390.8	4,204	400.0	4,835
Guangdong	276.0	3,221	282.6	3,500	290.0	3,787	254.7	4,145
Hubei	225.6	2,747	229.2	3,010	244.5	3,310	243.6	3,853
Guangxi	189.2	2,892	197.9	3,132	206.6	3,550	217.1	3,840
Sichuan	244.5	2,773	253.2	2,929	267.8	3,194	271.6	3,408
Jiangxi	296.4	2,994	300.6	2,686	308.0	3,567	317.3	3,365
Fujian	175.2	2,668	175.4	2,723	175.8	3,004	179.6	3,034
Zhejiang	116.7	1,975	114.5	1,908	112.2	1,944	109.4	1,936
Chongqing	126.3	1,263	138.0	1,390	147.5	1,533	161.4	1,715
Yunnan	34.1	383	34.3	417	36.5	450	39.5	517
Shaanxi	28.9	308	33.9	287	35.5	342	36.7	368
Shanghai	9.9	236	9.0	202	7.5	177	7.3	243
Guizhou	38.6	194	40.9	204	43.2	208	45.0	227
Jiangsu	4.6	60	3.6	54	3.4	51	3.5	58
Hainan	4.4	44	5.1	48	5.2	45	5.3	55
Henan	10.7	40	10.9	42	10.8	39	11.0	40
Anhui	2.7	23	2.7	28	2.7	29	3.0	34
Gansu	0.3	3	0.3	3	0.3	4	0.3	3
Total	2,160.3	25,211	2,211.0	26,452	2,288.3	29,440	2,306.3	31,678

